



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
CHARLES J. KROGMEIER, DIRECTOR

INFORMATIONAL LETTER NO. 869

DATE: November 30, 2009

TO: Case Managers, Service Workers, & Supervisors
Service Area Administrators, HCBS Specialists
For Home and Community Based Service (HCBS) Waivers

ISSUED BY: Iowa Department of Human Services, Iowa Medicaid Enterprise (IME)

RE: HCBS Waiver Program Changes 2.5% Reduction

EFFECTIVE DATE: December 1, 2009

On October 8, 2009 Governor Culver issued Executive Order 19, which mandated a 10 percent across-the-board cut in state spending. As a result, the Department of Human Services enacted rule changes as part of the effort to achieve the savings required in the executive order. Some of these changes affect HCBS waiver reimbursement for providers.

By rule, payment for covered Medicaid services shall be reduced by 2.5 percent from the rates in effect November 30, 2009. This reduction applies to services rendered during the period from December 1, 2009 through June 30, 2010.

The following is an excerpt of the current draft rule changes pertaining to HCBS waiver services. The complete rule changes are posted on the IME provider homepage (<http://www.ime.state.ia.us/Providers/>). Official rules are projected to be published on December 2, 2009 in the Iowa Administrative Bulletin. It is especially important that providers who are reimbursed a rate determined by financial and statistical data review the rules for complete detail. HCBS waiver providers are also being sent an informational letter to explain this issue.

“79.16(10) Notwithstanding any provision of subrule 79.1(2), payment for covered services rendered by home- and community-based waiver service providers shall be reduced by 2.5 percent from the rates in effect November 30, 2009.

a. Rates based on a submitted financial and statistical report shall consistent with the methodology described in subparagraph 79.1(15) “d” (1) except that the inflation adjustment applied to actual, historical costs and the prior period base cost shall be reduced by 2.5 percent.

b. The retrospective adjustment of prospective rates shall be made based on revenues exceeding 100 percent of adjusted actual costs. Adjusted actual costs shall not exceed the upper limits as specified in subrule 79.1(2)”.

Rates will be automatically reduced in the Individualized Services Information System (ISIS) by the Iowa Medicaid Enterprise (IME). Case Managers will not need to make any rate changes in ISIS.

This proposed rate reduction will also include home and vehicle modification, assistive devices, specialized medical equipment and Environmental Modifications, Assistive Devices and Therapeutic Resources services. If a bid has been submitted for services to be provided on or after December 1, 2009, the total amount will need to be reduced by 2.5%. This applies also to providers who have been given an exception to policy for services that will be provided on or after December 1, 2009. The case manager will be responsible to decrease the bid or item by 2.5% prior to authorizing the service in the service plan or ISIS.

While rates are being decreased for HCBS waiver providers; that does not mean that services are being reduced for HCBS waiver members. Workers should continue to adjust services for members based on the needs of that member. However, **the case manager should not adjust the rate over the amount that is authorized after the 2.5% decrease.** The decrease will be effective December 1, 2009 through June 30, 2010.

The rate reduction will be monitored throughout this time frame. The IME appreciates your partnership as we work together to serve the needs of Iowa Medicaid members. If you have any questions, please contact your HCBS Specialist.